



BRIEFING NOTE TO THE DEPUTY MINISTER

**DEPUTY MINISTER APPROVAL OF
DEPARTMENTAL RESPONSE TO POST-AUDIT SURVEY**

(For Signature)

ISSUE

- The Office of the Auditor General of Canada (OAG) has requested that Infrastructure Canada (INFC) complete a Post-Audit Survey relating to its Commissioner of the Environment and Sustainable Development (CESD) Audit of *Adapting to the Impacts of Climate Change*.
- You are asked to approve and sign the attached Post-Audit Survey (Annex 1) as well as the Acknowledgement Letter to the OAG (Annex 2).

BACKGROUND

- The OAG regularly seeks feedback from organizations that have recently been the subject of an audit. This feedback helps the OAG identify potential areas for improvement in its audit process.
- The information shared with the OAG via this Survey will help shape and improve aspects of the OAG and CESD's audit methodology, system of quality control, and audit practices. All information shared is kept strictly confidential and only aggregate data is reported publicly, such as in the OAG's Departmental Results Report. However, individual responses will be available to the responsible Assistant Auditor General and may be shared with report authors.
- The audit of *Adapting to the Impacts of Climate Change* examined Environment and Climate Change Canada's leadership efforts and whether departments had followed the Federal Adaptation Policy Framework. This was done by determining whether 19 departments and agencies, including INFC, had identified and assessed climate change risks and taken measures to adapt to climate change in their areas of responsibility.
- The audit was tabled before Parliament in October 2017 and resulted in five recommendations, one of which included INFC. Please refer to Webcims # 44990 for a previous detailed briefing on the Audit.


Canada

CONSIDERATIONS

- INFC's inclusion in the audit was limited to being one of 19 departments required to complete a questionnaire and provide supporting documentation.
- The Post-Audit Survey was shared with INFC representatives involved throughout the audit engagement for comments.
- The various survey responses were collected and amalgamated by the Audit and Evaluation Branch and an overall version is presented for your approval.
- The deadline for responding to the OAG's Post-Audit Survey is December 8, 2017 (30 days following reception of the OAG's email correspondence of November 8, 2017 12:31 PM).

RECOMMENDATION


- We recommend that you indicate your approval of the Departmental Post-Audit Survey (Annex 1) and sign the Acknowledgement Letter to the OAG (Annex 2).



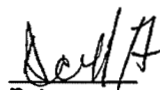
Isabelle Trempanier
Chief Audit and Evaluation Executive
Audit and Evaluation Branch

Recommendation: We recommend that you approve the Post-Audit Survey and sign the Acknowledgement Letter to the OAG.

☒ I approve. ☐ I do not approve. ☐ For discussion.



Kelly Gillis
Deputy Minister
Infrastructure and Communities



Date

Attachments (2)



8 November 2017

The Office of the Auditor General of Canada regularly seeks feedback from organizations that have recently been the subject of an audit. This valuable feedback helps the Office identify potential areas for improvement in our audit process. To this end, we would very much appreciate if you would complete the survey and **return it within the next 30 days**.

The information you share is important to us. It will help shape and improve aspects of our audit methodology, system of quality control, and audit practices. All information you share will be kept strictly confidential and only aggregate data will be reported publicly, such as in our Departmental Results Report. However, individual responses will be available to the responsible Principal.

If you have any questions about the survey, please do not hesitate to contact Mr. Ron Bergin, Principal, Strategic Planning, at 613-952-0213, extension 6241.

Thank you in advance for your feedback and commentary.

Survey Following a Performance Audit

Name of organization, branch, or other entity: Infrastructure Canada

Title of audit: Adapting to the Impacts of Climate Change

	Strongly disagree	1	2	3	4	5	Strongly agree	No opinion/ Don't know	N/A
1. Overall views									
1.a Overall, we were satisfied with the conduct of the audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
1.b Our organization received good value in relation to the effort expended by the Office of the Auditor General.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2. Value of the audit									
2.a In preparation for, or during the course of, the audit, we made important improvements to the program or activity being audited.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.b The auditors possessed a good understanding of the environment within which our organization operates, and the risks and challenges it faces.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
2.c The audit focussed on areas of significant risk within our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
2.d The findings reflect key issues that we feel will contribute to future improvements in the area that was audited or in the design of new programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
2.e The recommendations will lead to significant improvements in our operations or in the accountability for those operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>

	Strongly disagree	1	2	3	4	5	Strongly agree	No opinion/ Don't know	N/A
2.f The recommendations are relevant to other programs or activities not part of this audit and will be applied to these programs or activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
3. Management of the audit									
3.a The auditors' requests for documents, analyses, and other assistance were relevant to their work and represented reasonable expectations of our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.b The auditors provided staff with a reasonable amount of time to comply with requests for documentation.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
3.c The auditors provided staff with a reasonable amount of time to comment on and respond to draft reports and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
4. Communication during the audit									
4.a The auditors proactively identified, communicated, and resolved issues and significant differences of views in a timely manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
4.b The findings of the audit were reported objectively and fairly.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
4.c The documents and reports arising from the audit were clear and concise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
4.d The auditors were willing to listen to our point of view on the findings of the reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
5. Professional relations									
5.a The auditors demonstrated independence, objectivity, non-partisanship, and maintained a respectful but questioning approach throughout the audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
5.b The audit team attempted to address any issues or questions we had about the audit process.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
5.c Throughout the audit, the auditors maintained a professional demeanour.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
6. Additional comments									
6.a Please provide any other comments you or your organization may have on your audit experience.									

It would have been valuable at the start of the process for the CESD to have had clarity on the scope of the audit. It would also have been very beneficial to involve ECCC in the process before the audit was launched.

Name and title of respondent (optional): _____

14577/131017



Deputy Minister of
Infrastructure and Communities
Ottawa, Canada
K1P 0B6

Sous-ministre de
l'Infrastructure et des Collectivités

DEC 04 2017

Mr. Ron Bergin
Principal, Strategic Planning
Office of the Auditor General of Canada
240 Sparks Street
Ottawa, Ontario K1A 0G6

Dear Mr. Bergin:

On behalf of Infrastructure Canada, thank you for the email of November 8, 2017, from the Auditor General of Canada, Mr. Michael Ferguson, seeking Infrastructure Canada's participation in the Commissioner of the Environment and Sustainable Development Post-Audit Survey on *Adapting to the Impacts of Climate Change*.

We appreciate the opportunity to participate and have enclosed the Department's completed survey.

Sincerely,



Kelly Gillis

Enclosure

c.c. Ms. Isabelle Trépanier, Chief Audit and Evaluation Executive,
Infrastructure Canada

Ms. Julie Gelfand, Commissioner of the Environment and Sustainable
Development (responsible for the Audit)

Ms. Nancy Cheng, Assistant Auditor General
(responsible for Infrastructure Canada)

Ms. Kimberly Leach, Principal (responsible for Infrastructure Canada)

Canada



BRIEFING NOTE TO THE MINISTER

**OFFICE OF THE AUDITOR GENERAL OF CANADA PERFORMANCE AUDIT OF
THE NEW CHAMPLAIN BRIDGE PROJECT PRINCIPAL'S DRAFT REPORT**

(For Information)

ISSUE

- Infrastructure Canada (INFC) is included in the Office of the Auditor General of Canada's (OAG) Performance Audit of the New Champlain Bridge Project scheduled for tabling in the spring of 2018.
- The OAG has provided INFC with its Principal's Draft (PX Draft) report of their audit focusing on whether INFC managed selected aspects of the New Champlain Bridge project to meet its objective of delivering a safe, durable, and cost-effective bridge on time and on budget.

BACKGROUND

- INFC has been working with and responding to OAG requests since November 2016 to ensure all information provided is accurate for all areas of expertise.
- The audit objective was to determine whether INFC, Public Services and Procurement Canada (PSPC) and PPP Canada have managed selected aspects of the Champlain Bridge project to meet their objective of delivering a safe, durable, and cost-effective bridge on time.
- The audit examined the planning for the new bridge, the management of procurement risks associated with the new bridge, and the new bridge's design and construction. The audit covered the period from when information was made available to the government of Canada to help inform the decision to replace the current Champlain Bridge, until the end of the audit's examination phase in November 2017.
- The audit covers activities dating back to 2011, when the Champlain Bridge was the responsibility of JCCBI and Transport Canada. INFC has had the lead responsibilities for many of the matters under audit since the file was officially transferred on February 13, 2014, but relies on support from PSPC and PPP Canada. However, both PSPC and PPP Canada were recently scoped out of the audit.

CONSIDERATIONS

- Overall, the draft report found that the Government of Canada was slow in its decision to invest in a replacement bridge, INFC's analysis overestimated the potential savings of using a P3 model and underestimated the associated risks, and INFC had not demonstrated that it had selected the best procurement model.

- INFC's subject matter experts have validated the accuracy of the information contained in the draft report and many inaccuracies were identified and shared with the OAG to improve the report.

- The results of the audit will be tabled in the spring of 2018, very close to the timing of the Gordie Howe International Bridge financial close, so a communication strategy around the release of the report will be important.

NEXT STEPS

- Written comments on the PX Draft were shared with the OAG on December 18, 2017. In response to those comments and following a mid-January 2018 meeting to discuss discrepancies and noted issues as well as the provision of further evidence, the OAG will be providing the Department with a disposition table, including potential new text for sections of the report, and revised recommendations. Draft departmental responses to recommendations are due to the OAG at the end of January 2018, but are pending reception of our requested revised recommendations.
- Following the arrival of the OAG's Transmission Draft Chapter (Deputy Minister Draft) in late February / early March 2018, we will again provide you with a briefing. This Deputy Minister Draft will contain modifications arising from the fact-validation process and will include the recommendations and departmental responses.
- In accordance with Treasury Board guidance regarding the engagement of ministers, further briefings on any emerging issues and/or evolving findings will be shared.

Kelly Gillis
Deputy Minister
Infrastructure and Communities

Date

**BRIEFING NOTE TO THE DEPUTY MINISTER**

OFFICE OF THE AUDITOR GENERAL OF CANADA
PERFORMANCE AUDIT OF THE NEW CHAMPLAIN BRIDGE PROJECT– PRINCIPAL'S
DRAFT REPORT

(For Information)

ISSUE

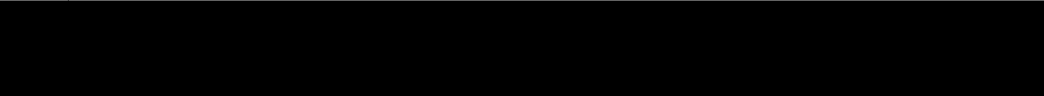
- Infrastructure Canada (INFC) is undergoing a performance audit by the Office of the Auditor General of Canada's (OAG) of the New Champlain Bridge Project scheduled for tabling in the spring of 2018.
- The OAG has provided INFC with its Principal's Draft (PX Draft) of their performance audit. The audit work focused on whether INFC managed selected aspects of the New Champlain Bridge project to meet its objective of delivering a safe, durable, and cost-effective bridge on time and on budget.
- The OAG has requested (Annex 1) that INFC's subject matter experts review the PX Draft to validate the facts in its observations, the validity of the facts, and completeness of the information.
- The Acknowledgement Letter (Annex 2) from the Program and Operations Branch to the OAG is attached for your information. The Acknowledgement Letter includes both the department's collected comments (Annex 3) as well as the Department's confirmation of having provided all information that could significantly affect the findings or the conclusion of the audit report.



BACKGROUND

- INFC's Major Bridge Projects team, in collaboration with the Audit and Evaluation Branch, have been working with and responding to OAG requests since November 2016 to ensure all information provided is accurate for all areas of expertise.
- The audit examined the planning for the new bridge, the management of procurement risks associated with the new bridge, and the new bridge's design and construction. The audit covered the period from when information was made available to the government of Canada to help inform the decision to replace the current Champlain Bridge, until the end of the audit's examination phase in November 2017.
- The audit covers activities dating back to 2011, when the Champlain Bridge was the responsibility of JCCBI and Transport Canada. INFC has had the lead responsibilities for many of the matters under audit since the file was officially transferred on February 13, 2014, but relies on support from Public Services and Procurement Canada (PSPC) and PPP Canada. However, both PSPC and PPP Canada were recently scoped out of the audit.

PROTECTED B

CONSIDERATIONS

- 
- Overall, the draft report found that the government was slow in its decision to invest in a replacement bridge, INFC's analysis overestimated the potential savings of using a P3 Model and underestimated the associated risks, and INFC had not demonstrated that it had selected the best procurement model.

- 
- The Audit and Evaluation Branch has worked with the ADM of the Program Operations to respond to the PX Draft. INFC's subject matter experts validated the accuracy of the information contained in the draft report. Many inaccuracies and concerns were identified and modifications to address them and improve the report were included in the response to the OAG for its consideration 

 A meeting will also be arranged between Marc Fortin, ADM POB, and Nancy Chang, Assistant AG.



- Written comments on the PX Draft, as well as the Acknowledgement Letter were due and shared with the OAG on December 18, 2017. In response to those comments and following a mid-January 2018 meeting to discuss discrepancies and noted issues as well as the provision of further evidence, the OAG will be providing the Department with a disposition table, including potential new text for sections of the report, and revised recommendations.
- Draft departmental responses to recommendations were due to the OAG for January 8, 2018, but the Department requested and received an extension to January 19, 2018. It should be noted that the department has asked for a second PX draft to reflect any adjustments further to departmental comments. It is not known at this time if a second PX Draft will be provided by the OAG.

PROTECTED B

- The OAG will issue its Transmission Draft Chapter (DM Draft) by March 6, 2018 for Deputy Minister approval. This Transmission Draft will contain any modifications arising from the fact validation process. It will include the recommendations and departmental responses and may include changes proposed by OAG audit advisors and senior management. Deputy Minister confirmation of acceptance, or disagreement, on the Transmission Draft, in writing, will be due by March 20, 2018. Should the OAG not receive a reply by that date, they will be unable to publish the responses.
- Ministers are to be informed of all OAG audits from the onset of the audit process in accordance with Treasury Board guidance regarding the engagement of Ministers. Ministers must be briefed on the objective(s) of the audit and its criteria, as well as on any emerging issues and evolving findings at each stage of the audit.
- A verbal briefing has been provided to the Minister's Office on December 14, 2017. A briefing note to the Minister, for your review and signature, has been drafted and is contained within WebCIMS #46207.
- The results of the Audit will be tabled in the Spring of 2018, very close to the timing of the Gordie Howe International Bridge financial close, so a communication strategy around the release of the report will be important.

NEXT STEPS

- The Audit and Evaluation Branch will continue to work with the ADM of POB and its subject matter experts as the OAG Audit progresses.
- It is recommended that you inform the Minister of INFC's involvement in the Audit and of the potential implications of its findings (WebCIMS #46207).
- Further briefing packages, for your approval, will be developed by POB's Major Bridges relating to the approval of draft Departmental responses to recommendations.
- A further briefing package, for your approval, will be developed by the Audit and Evaluation Branch following the arrival of a revised PX Draft (if provided) and for the OAG's Transmission Draft Chapter (DM Draft) which is expected to arrive by March 6, 2018. Either your confirmation of acceptance, or disagreement, on the Transmission Draft, in writing, will then be due by March 20, 2018.
- The Audit and Evaluation Branch will keep you informed of any further significant developments.



Isabelle Trépanier
Chief Audit and Evaluation Executive,
Audit and Evaluation Branch

Attachments: 3

3



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

December 4th, 2017

Ms. Isabelle Trépanier
Chief Audit and Evaluation Executive
Infrastructure Canada
1100-180 Kent Street, 10th Floor
Ottawa, Ontario K1P 0B6

Dear Ms. Trépanier

We are providing you and the persons identified by your department with electronic access to the principal's draft report on our performance audit of the New Champlain Bridge Project. The final version of this document will be included in the spring 2018 reports of the Auditor General of Canada.

As agreed, we are providing the draft in both official languages.

We are satisfied that the evidence we have on file supports the contents of this draft audit report. At this stage, we are providing you with the PX draft audit report so that you may validate the facts that underpin our findings. We would appreciate obtaining comments on

- the validity and completeness of the facts as expressed, and
- any facts pertinent to a finding not noted in the draft that should be brought to our attention.

Please note that any highlighted text will be reproduced in *At a Glance*, the Office of the Auditor General of Canada's online report navigation tool.

As agreed, we will meet on 8 December 2017 to discuss any factual errors, omissions, context changes, or new information. At the same time, we would like to discuss our proposed recommendations and your Department's likely responses. We can also plan additional meetings, if necessary.

We also ask that you provide us with a written confirmation that your entity has provided us with all information of which you are aware that has been requested or that could significantly affect the findings or the conclusion of the audit report. This assertion does not include information classified as Cabinet confidence. A suggested standard confirmation letter is enclosed. Please provide the written confirmation and comments on the draft audit report **no later than 18 December 2017**.

Please also provide by this date any supplementary evidence required to support your proposed changes to the facts presented in the audit report. We also ask that you inform us of any developments that are material to the content of the audit report that have arisen up to this date (either during or since the examination period), if you have not already done so. In order to

prepare the audit report for publication and meet the requirements of auditing standards, we will not be able to consider any new evidence after this date.

In addition, we ask that you provide draft responses to our recommendations by **08 January 2018**. If we revise our recommendations before that date, we will promptly provide you with any changes. The attached Appendix outlines our Office's expectations regarding entity responses to recommendations and post-tabling action plans.

Further details about the reporting phase of a performance audit, including guidance on developing and responding to recommendations, are available in *What to Expect—An Auditee's Guide to the Performance Audit Process* on our website.

The draft audit report is a controlled document and must be kept confidential. It is labelled "NOT TO BE COPIED, Property of the Office of the Auditor General of Canada, Protected A." Therefore, until the final report is tabled in the House of Commons, please treat this draft report accordingly.

We plan to issue the transmission draft audit report to the Deputy Minister by **06 March 2018** for final review and sign-off. The transmission draft will contain any modifications arising from the fact validation process. It will include our recommendations and your department's responses. It may also include changes proposed by our Office's audit advisers and senior management. The audit report, including entity responses to recommendations, may also be edited for clarity.

If you have any questions, please contact Audrey Garneau, Audit Project Leader, or me at 613-995-3708.

Yours sincerely,



Lucie Talbot
Director

Enclosures (2): Appendix—Office of the Auditor General's Expectations for Entity Responses to Recommendations
Confirmation letter template

c.c.: Richard Domingue, Principal

Appendix—Office of the Auditor General's Expectations Regarding Entity Responses to Recommendations

By publishing the responses to our recommendations, we give the audited entity the opportunity to let Parliament know whether it agrees with the recommendations, and to briefly describe the actions it intends to take and when it intends to take them.

The response must clearly indicate, in no more than 200 words, whether the entity agrees or disagrees with the recommendation.

- If the entity agrees with the recommendation, it should describe the specific actions it intends to take in response, and their timing.
- If the entity does not agree with the recommendation, it should state the reasons.
- The response must be specific to the recommendation.

Responses to recommendations should not be used to disagree with the audit findings. Any disagreements must either be resolved or, according to auditing standards, be described by the auditors in the main text of the audit report.

We reserve the right to edit responses for clarity, and we will not publish material that does not respond to a specific recommendation, that repeats material that is already in the main text, or that we believe to be false or misleading.

If for any reason we do not receive your final responses by the deadline provided, we will print the following text at each point in the report where your response to our recommendation would normally appear:

Infrastructure Canada did not confirm the facts in this report or provide a response to this recommendation in time to meet our publication deadline.

We expect that any concerns you may have about anything in the report will have been brought to our attention well in advance of the stated deadline. Therefore, we fully expect to publish your responses and not the above text.

Expectations Regarding Post-tabling Action Plans

All departments and agencies of the federal government that have been subject to a performance audit by the Office of the Auditor General of Canada must provide a detailed action plan to address the audit recommendations that have been agreed to—including specific actions, timelines for their completion, and responsible individuals—to the Public Accounts Committee and the Office of the Auditor General of Canada **within six months of the audit being tabled** in the House of Commons.

Departments and agencies invited to appear before the Public Accounts Committee to discuss the findings of an audit should, when feasible, provide an action plan to the Committee prior to the hearing and to the OAG.

Departmental action plans and progress reports received by the Public Accounts Committee are published on the Committee's website.



Infrastructure
Canada
Ottawa, Canada
K1P 0B6

December 18, 2017

Mrs. Lucie Talbot
Director, OAG
Office of the Auditor General of Canada
240 Sparks Street
Ottawa, Ontario K1A 0G6

Dear Mrs. Talbot:

Thank you for your letter of December 4, 2017, providing the principal's draft chapter for the OAG performance audit of the *New Champlain Bridge Project*, to be included in the Spring 2018 report of the Auditor General of Canada.

We wish to inform you that we have reviewed the draft chapter in order to validate the facts. We do have concerns about the draft report as it is currently written. Please see the attachment to this letter for some detailed comments and suggestions from Infrastructure Canada (INFC) for you to consider. We feel that the suggested changes would clarify and strengthen the report.

In my capacity as Assistant Deputy Minister of INFC, I confirm that the Department has provided you with all information of which I am aware that has been requested or that could significantly affect the findings or the conclusion of the audit report. This assertion does not include information classified as Cabinet confidence.

We would like to request that an updated principal's draft chapter be shared following the consideration of our comments and suggestions and any resulting modifications to recommendations. This would be helpful in our development of draft departmental responses to recommendations.

If you would like to discuss any aspect of this letter or the attached comments, we would be pleased to meet with you.

We would like to thank you for the opportunity to review and to respond to the recommendations in the principal's draft for your performance audit of the *New Champlain Bridge Project*.

Yours sincerely,

Marc Fortin
Programs and Operation Branch

Attachments (1)

c.c.: Natalie Bossé

Canada

**Page(s) 16 to 44
are excluded
pursuant to paragraph
23
of the *Access to Information Act***

**La/les page(s) 16 à 44
sont l'objet d'une exception totale
conformément aux dispositions de paragraphe
23
de la *loi sur l'accès à l'information***



BRIEFING NOTE TO THE DEPUTY MINISTER

AUDITOR GENERAL OF CANADA'S 2017-18 AUDIT OF INFRASTRUCTURE CANADA

(For Signature)

ISSUE

- The purpose of this note is to seek your approval of the terms of the audit engagement of Infrastructure Canada pursuant to the Auditor General's opinion on the 2017-18 consolidated financial statements of the Government of Canada included in the Public Accounts of Canada.

BACKGROUND

- The Auditor General is responsible for auditing the government's consolidated financial statements which are submitted as part of the Public Accounts of Canada to ensure they present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 2018 and that the statements are presented in accordance with the stated accounting policies of the Government of Canada.
- The attached letter outlines the terms of this audit, which is consistent with audit engagement letters provided in previous years.
- As part of this audit, the Auditor General will conduct specific audit procedures for Infrastructure Canada. It should be noted that in recent years, these audit procedures have not resulted in any findings that were unique to Infrastructure Canada.

CONSIDERATIONS

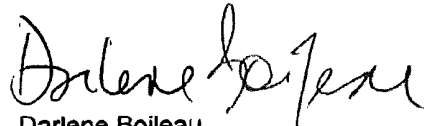
- The Finance team has reviewed the attached terms of that audit and has no concerns. The team will provide all required documentation for this audit to the Office of the Auditor General and will remain available to answer any questions.

RECOMMENDATION

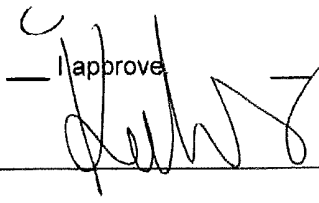
- It is recommended that you sign the attached letter indicating that you acknowledge and understand your management responsibilities related to this audit. Once you have signed off I will also sign off.

NEXT STEP

- Once the letter has been signed, it will be sent to the Office of the Auditor General.



Darlene Boileau
Assistant Deputy Minister,
Corporate Services and Chief Financial Officer

<input checked="checked" type="checkbox"/> I approve	<input type="checkbox"/> I do not approve.	<input type="checkbox"/> For discussion.
		JAN 09 2018
Kelly Gillis Deputy Minister Infrastructure and Communities		Date

Attachment: Engagement Letter



12 December 2017

Ms. Kelly Gillis
Deputy Minister
Infrastructure and Communities
427 Laurier Avenue West, 10th Floor
Ottawa, Ontario K1R 7Y2

Dear Ms. Gillis:

The purpose of this letter is to confirm our common understanding of the terms of the audit of Infrastructure Canada (the Department) pursuant to the Auditor General's opinion on the 2017-18 consolidated financial statements of the Government of Canada included in the Public Accounts of Canada.

The Auditor General of Canada is the auditor of the Accounts of Canada in accordance with section 6 of the *Auditor General Act*. Further to this mandate, the Auditor General of Canada is required to examine the consolidated financial statements as at 31 March 2018 and for the year then ending, to be included in the Public Accounts and prepared by the Government pursuant to section 64 of the *Financial Administration Act* (FAA).

In accordance with this mandate, the audit of the consolidated financial statements included within the Public Accounts of Canada is designed to enable the Auditor General of Canada to issue a report indicating whether, in his opinion:

- (a) the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2018 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards; and
- (b) the Government's stated accounting policies have been applied on a basis consistent with that of the preceding year.

As part of the audit of the consolidated financial statements of the Government of Canada, we will be conducting specific audit procedures in your Department.

There are no specific requirements under the *FAA* or the *Auditor General Act* to include a statement in the audit opinion on compliance with governing authorities. Nevertheless, given the role of the Auditor General of Canada as a legislative auditor and our mandate under Section 7 of the *Auditor General Act*, we consider the audit of authorities as an integral part of the audit of the consolidated financial statements of the Government of Canada.

We also have an obligation to call attention to any other matter falling within the scope of the audit that, in our opinion, should be brought to the attention of Parliament.

Our responsibilities

The following deals only with our responsibilities in connection with the annual audit of Infrastructure Canada's transactions and financial information included in the consolidated financial statements of the Government of Canada pursuant to the requirements of section 6 the *Auditor General Act*. This engagement letter does not cover any of our responsibilities with regard to any performance audit of the Government of Canada.

Annual audit of financial information. We are responsible to conduct our audit in accordance with Canadian generally accepted auditing standards (GAAS). Those standards require that we comply with ethical and independence requirements, and that we plan and perform the audit to obtain reasonable assurance about whether the Department's financial accounts and records included in the consolidated financial statements of the Government of Canada are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the Department's amounts and disclosures included in the consolidated financial statements of the Government of Canada (Department's financial information). The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Department's financial information, whether due to fraud or error. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Department's management.

The scope of our audit will include obtaining, to the extent necessary to effectively carry out our work, an understanding of Infrastructure Canada and its business environment, the business risks it faces, how Infrastructure Canada manages those risks, and its overall control environment.

Risk assessment. In making our risk assessments, we will obtain an understanding of internal control relevant to the preparation of the Department's financial information in order to design audit procedures that are appropriate in the circumstances. The scope of our review of internal controls will not be sufficient to express an opinion on the effectiveness or efficiency of your internal controls. However, we will inform you in writing of any significant deficiencies in internal control relevant to the audit of the financial information that we have identified during the audit.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements in the Department's financial information may not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed in accordance with Canadian GAAS.

Fraud. In planning and conducting the audit of the Department's financial information, we consider the possibility that fraud or error, if sufficiently material, may affect our opinion on the consolidated financial statements of the Government of Canada. Accordingly, we maintain an attitude of professional scepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist. Because of the nature of fraud, which could include attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian GAAS may not detect a material fraud. Furthermore, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error, and illegal acts, if present, will be detected.

Communication of matters. We will inform management and, if appropriate or necessary, the Deputy Minister of the following matters that we may have identified during the course of our audit:

- misstatements, resulting from error (other than trivial errors), and the request to correct those misstatements;
- fraud or any information obtained that indicates that a fraud may exist;
- any evidence obtained that indicates non-compliance, or suspected non-compliance, with laws and regulations;
- significant deficiencies in the design or implementation of internal control to prevent and detect fraud or error; and
- related party transactions identified by us that are significant and outside the normal course of operations.

However, audits do not usually identify all matters that may be of interest to management in carrying out its responsibilities. The type and significance of the matter to be communicated will determine the level of management to whom the communication is directed.

Confidentiality. All of our employees have a duty of confidentiality within the limits of the law. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of Infrastructure Canada without your prior consent—unless we are required to do so by the law.

Management responsibilities

Our audit will be conducted on the premise that management and, where appropriate, the Deputy Minister acknowledge and understand that they have the following responsibilities:

Responsibility for the financial information included in the consolidated financial statements and internal control. Management is responsible for the preparation and fair presentation of the Department's financial information referred to above. Management is also responsible for establishing and maintaining an effective system of internal control over financial reporting to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. In this regard, management is responsible for establishing policies and procedures that ensure the Department's financial information is prepared in accordance with Canadian public sector accounting standards.

Correction of errors. Management is responsible for adjusting the Department's financial information in order to correct material misstatements and for confirming to us that the total of all uncorrected misstatements identified by us during our audit are immaterial, both individually and in total, to the financial information of the Department taken as a whole. In addition, we expect management will correct all known non-trivial errors.

Prevention and detection of fraud. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us

- (a) of the risk that the Department's financial information may be materially misstated as a result of fraud;
- (b) about all known or suspected fraud affecting the Department involving (i) management, (ii) employees who have significant roles in internal control over financial reporting and (iii) others where the fraud could have a non-trivial effect on the Department's financial information; and
- (c) management's knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, analysts, regulators, investors or others.

Related parties. Management is responsible for providing us with all material information in relation to related parties, and all significant related party transactions outside the normal course of operations, of which it is aware and, for providing to us any updates that occur during the course of this engagement.

Subsequent events. Management is responsible for informing us of subsequent events that may affect the Department's financial information of which management may become aware up to the date the consolidated financial statements of the Government of Canada are issued.

Laws, regulations, and other authorities. Management is responsible for ensuring that the Department complies with laws, regulations and other authorities applicable to the Department and its activities. Management will make available to us information relating to any illegal or possibly illegal acts, and all facts related thereto, and will provide information to us relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements.

Providing information on a timely basis. Management is responsible for making available to us, on a timely basis, all of its original accounting records and related information relevant to the preparation of the Department's financial information, additional information that we may request from management for the purposes of our audit work, and unrestricted access to its personnel who we may determine necessary to obtain evidence necessary to support our audit of the Department's financial information.

Management representation letter. Management will provide to the Receiver General for Canada written representations that encompass representations made to us during the audit work covering the Department's financial information. Management's representations are integral to our audit evidence.

Other engagement matters

The Auditor General of Canada is appointed as the auditor of the consolidated financial statements of the Government of Canada, also referred to as the group. Infrastructure Canada has been identified by the group auditor as being a significant component of the group. As a result, in accordance with Canadian Auditing Standard 600, the group auditor will be involved in our audit and our audit results will be communicated to the group audit team. The group auditor may communicate any matter brought to their attention regarding the audit of Infrastructure Canada that they judge to be significant to the group management and governance bodies.

The costs associated with this engagement will be paid for from monies appropriated to the Auditor General of Canada by Parliament.

All working papers and files, other materials, reports, and work that we create, develop, or perform during the course of the engagement will remain our property.

These terms of engagement will be effective from year to year until amended or terminated in writing.

If the terms of the audit engagement are acceptable to you, please sign the duplicate of this letter in the space provided and return it to us. Your signature also indicates that you agree to acknowledge and understand your management responsibilities, as outlined in this letter.

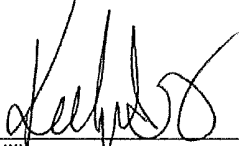
Yours sincerely,

Vicki Clement

Vicki Clement, CPA, CA
Principal

By signing below, I acknowledge and agree to my obligation to ensure that the responsibilities of Infrastructure Canada and its management as set forth herein are properly discharged:

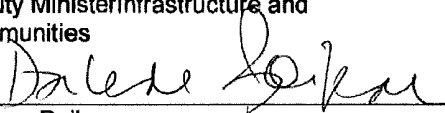
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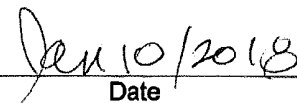
Kelly Gillis
Deputy Minister Infrastructure and
Communities



Date



Darlene Boileau
Assistant Deputy Minister
Infrastructure and Communities



Date